

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

APRIL 25, 2005

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, April 25, 2005, in Public Session, at 4:00 p.m., at the offices of the Rhode Island Economic Development Corporation located at One West Exchange Street, Providence, Rhode Island, pursuant to notice of the meeting to all Directors, and public notice of the meeting, a copy of which is attached hereto, as required by the By-Laws of the Corporation and applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Donald L. Carcieri, Mr. Frank Montanaro, Mr. Keith Stokes, Mr. George Shuster, Mr. Joshua Miller and Ms. Barbara Jackson.

Directors absent: Ms. Alma Green.

Also present were: Executive Director Michael McMahon, members of the Corporation's staff and Attorney Robert I. Stolzman.

Governor Carcieri presided over the meeting and Attorney Robert I. Stolzman acted as Secretary.

1. CALL TO ORDER

Governor Carcieri called the meeting to order at 4:10 p.m., and asked for a vote to approve the minutes of the meeting held on March 28, 2005.

2. APPROVAL OF THE PUBLIC SESSION MINUTES OF THE MEETING HELD ON MARCH 28, 2005

Upon motion duly made by Mr. Montanaro and seconded by Mr. Shuster, the following vote was adopted:

VOTED: To approve the public session minutes of the meeting held on March 28, 2005, as presented to the Board this date.

Voting in favor of the foregoing were: Mr. Montanaro, Mr. Stokes, Mr. Shuster, Mr. Miller and Ms. Jackson.

Voting against the foregoing were: None.

3. EXECUTIVE DIRECTOR'S REPORT

Director McMahon first updated the Board members on the progress being made in the Agra Tourism sector, through the efforts of RI FarmWays, DEM and RICAP, to place Rhode Island farms on tourist routes. As of this time, stated Mr. McMahon, approximately 150 farms have been identified for this program, some of which are in need of upgrades, such as bathroom facilities, better roads and websites, in order to successfully participate in agra tourism. It is anticipated that an SBA loan fund of \$250,000 will be made available, and that the fund will offer loans of \$10,000 to \$25,000 to farms requiring assistance for upgrades. The loans will be offered at an interest rate of 7.5% for a 36 to 60 month period, with interest only payable for the first 6 months. The funds will be used for physical improvements and website development necessary for participation in the agra tourism program. Mr. McMahon announced that First Pioneer Farm Credit Bureau has agreed to assist those farms in need of funding in amounts over \$25,000.

Mr. McMahon reported that Stu Nunnery, of RICAP, has a two year project in the works for agra tourism, and that a training program for farmers was held about three weeks ago. The program stressed that each farm is a "business". He noted that the participating farmers appear to be proud and appreciative to be working with EDC.

In response to an inquiry of Governor Carcieri, Ken Ayers, from DEM, stated that Wrights Farm and Scharners Farm are examples of farms which do well in the agra tourism area.

Mr. McMahon noted that local farms are real businesses, selling to restaurants, colleges and universities and others in the state. Mr. Miller stated that he recently attended a seminar at Brown University regarding the use of locally grown products by Rhode Island restaurants.

Mr. McMahon suggested that farms be looked at as "rural estates", as compared the Newport mansions, as tourist attractions, and noted that capital will help them to succeed in this area.

4. UPDATE ON MARINE TRADES SECTOR

Continuing with his program of "sector" presentations, Mr. McMahon next introduced Mr. Andrew Dzykewicz, EDC Senior Project Manager, to speak to the Board regarding the Marine Trades sector.

Using a PowerPoint presentation (See **Exhibit A**), Mr. Dzykewicz spoke to the Board regarding the Marine Trades Cluster, first pointing out the location of information on this industry cluster on the BlueSkyRI.com website.

Mr. Dzykewicz noted that the marine trades have a long and proud tradition in Rhode Island, beginning in colonial times and including the building of America's Cup yachts. He pointed out 8 sub-clusters in the marine trades, involving more than 300

companies, 8,000 employees and over \$167,000,000 in payroll. The clusters include boatbuilding, boat-related, tourism, recreation and events, shipbuilding, marine transportation, military, research & development and fisheries and aquaculture. Noting that John Riendeau has already covered the military sub-cluster and Dave DePetrillo will be covering the tourism, recreation and events sub-cluster, Mr. Dzykewicz summarized each of the 6 remaining sub-clusters.

Boatbuilding includes designers, such as Bristol Harbor Group; raw material suppliers, such as Composites One; builders, such as Vanguard and Pearson; spars & rigging, such as Hall; and sails and canvases, such as Thurston Sails.

Boat-related industries include marinas, marine retail, yacht clubs, brokerages and service yards. Shipbuilding includes shipbuilders and service yards, such as Electric Boat, Senesco and Blount Marina.

Marine Transportation includes ports, pilots, tugboat operators, terminal operators and agents. Research and Development is taking place at URI, Roger Williams University, Brown University and at the Naval Undersea Warfare Center.

Fisheries and Aquaculture includes processors, growers, wild fishery, cold storage, nets and gear and bait.

Mr. Dzykewicz noted that all of the sub-clusters support each other with a supply chain. As for challenges, the marine industries presently compete for valuable waterfront space and there is a need for new trained workers to support this cluster.

With respect to space for boat building, Mr. Dzykewicz noted that the Weaver Cove Marina is in the process of acquiring land in the Melville area of Portsmouth, and that a closing is anticipated by the end of 2005. This marina will have nearly 1,500 slips.

Mr. Dzykewicz pointed out the colleges and high schools presently offering training in the marine trades, including New England Tech, CCRI, MTTI and Warwick, Chariho and Mount Hope high schools. He noted that the marine trades should be marketed as good careers.

Efforts are being made to attract new marine trade businesses to Rhode Island, according to Mr. Dzykewicz, including Italian “super yacht” builders, a growing segment of the marine trade industry. At the same time, retention efforts include calling on existing Rhode Island companies and meeting regularly with the RI Marine Trade Association.

In response to an inquiry of Governor Carcieri, Mr. Dzykewicz stated that the best opportunities exist in the boat building area, and there is a need to find qualified people for these jobs.

Mr. Stokes commented that the boat service area will create many employment opportunities once the Melville marina is completed.

Mr. Saul Kaplan commented on the cross-sectoring of the marine industry with biosciences and defense industries. Mr. Dzykewicz noted that some marine companies are branching off into other products and diversifying their businesses. He stated that the major locations for growth in the marine industry are Quonset, the Port of Providence and the East Bay waterfront.

5. UPDATE ON EVERY COMPANY COUNTS

Mr. Louis Soares distributed two handouts to the Board, including a Business Services Scorecard for the reporting period ending January 2005 (See **Exhibit B**), and a Customer Service Philosophy (See **Exhibit C**), to bring the Board up to date on the Every Company Counts ("ECC") initiative. As of January 2005, 263 small businesses had responded to the ECC survey, and 43 unique services had been delivered to those small businesses. The businesses receiving such services reported a high rating of satisfaction and likeliness to refer other businesses to the ECC program.

Mr. Soares explained that the pilot group consists of 6 partners, including the Small Business Development Center, the Export Assistance Center, the Procurement Technical Assistance Center, the RIEDC, the Center for Women and Enterprise and RIMES, and that the next report is due as of the end of May 2005.

The EDC, explained Mr. Soares, is orchestrating and leading the ECC program, bringing the partners together rather than competing with them. He stated that the EDC is getting better at it as it goes along.

In response to Governor Carcieri's question, Mr. Soares reported that the ECC has had 560 contacts by small businesses looking for assistance.

Mr. Soares introduced Ms. Patsy Peterson, owner of Merle Norman Day Spa, to speak to the Board about her experience with ECC.

Ms. Peterson reported that she had met with Ms. Roslyn Reid about six weeks ago to discuss her business concerns, and heard back from Ms. Reid the day after their initial meeting. She noted that she is presently looking at leasing space in Garden City for her business, and anticipates an opening in August 2005 with 6 employees, eventually growing to 8 employees. Ms. Peterson stated that she was assisted primarily by the Minority Investment Development Corporation, and that she is much appreciative of the time and effort afforded her by the ECC program. She explained that she found the ECC website on the internet and, when she called, was pleased to be answered by a live person, who immediately directed her to the appropriate people for her needs.

Ms. Reid noted that there is a need to find ways to help retail businesses get started, as the ECC receives many inquiries from prospective retail operations, including restaurants.

Mr. McMahon stated that Mr. Victor Barros has been successful in identifying and working with the Hispanic sector of small businesses.

6. UPDATE ON COMMUNITY ECONOMIC DEVELOPMENT

Ms. Lori Capaldi distributed a handout to the Board members describing the various projects of the EDC's Community Economic Development program and the funds that have been granted (See **Exhibit D**), and noted that all but two projects from 2004 have been completed. She noted in particular projects in Burrillville, West Warwick and East Providence.

Responding to an inquiry of Governor Carcieri, Ms. Capaldi stated that the funding is provided directly to the city or town and that no funding is provided to non-profit corporations. She also noted that projects for which grants are made in 2005 will have to be completed by May 1, 2006.

In response to another question of Governor Carcieri, Ms. Capaldi stated that the grant application asks for information on how the funds will be matched and that proof is required to be submitted at the completion of the project to ensure that the funds granted are being matched.

Ms. Capaldi noted that communities are thinking more creatively about local economic development. Mr. McMahon stated that there are skill base issues and that a survey is being completed to deal with community development so that the EDC will better know how to deal with each individual community as far as what works and what doesn't work in each community.

Ms. Capaldi added that the EDC is also meeting with representatives from New England Gas and Narragansett Electric so that information about how the utility processes work can be presented to developers and municipalities.

Mr. Miller commented that the Every Community Counts program is a valuable resource in assisting business planning and follow through for new businesses, and that he has referred several people to ECC.

Ms. Capaldi stated that she would like Susan Kaplan to make a presentation about the brownfields program that she leads.

7. UPDATE ON STATUS OF GENERAL AVIATION AIRPORTS

Mr. McMahon stated that the general aviation airports in Rhode Island are in need of serious upgrading, particularly those in Newport and Quonset. He noted that a RFP is being put together to assemble public and private funds for airport improvements.

Mr. Stokes compared the Newport airport as being like “Green Acres” and needing a lot of work. He pointed out that a number of boat buyers fly in to oversee the construction of their boats, and they want to be able to fly into Newport rather than Green airport. Mr. Stokes stated that the Newport facility needs great improvement in its curb appeal, as well as hangars for the airplanes.

Governor Carcieri noted that he met with the Rhode Island Airport Corporation recently and that RIAC is planning for the necessary airport improvements.

Mr. Stokes expressed his concern about losing business to other states which are more advanced with their airport systems, and noted that a private developer will be necessary to achieve the required improvements.

There being no further business in Public Session, upon motion duly made by Mr. Shuster and seconded by Mr. Montanaro, the meeting adjourned at 5:05 p.m.

Robert I. Stolzman, Secretary